



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref.: B1/15C

14 September 2021

The Chief Executive  
All Authorized Institutions

Dear Sir / Madam,

**Reform of interest rate benchmarks**

I am writing to draw your attention to an information note jointly published by the Asia Pacific Loan Market Association (APLMA) and the Treasury Markets Association (TMA) setting out various options available in the loan market for replacing US dollar LIBOR with the Secured Overnight Financing Rate (SOFR).

Since SOFR is an overnight rate, various methods have been developed by the markets to derive the interest rates for loans and other financial contracts with longer tenors. Some bank customers particularly smaller corporates may not be familiar with these methods and may thus tend to defer their adoption of SOFR. To assist these bank customers to transition away from US dollar LIBOR, the APLMA and the TMA have recently published an [information note](#) to set out the key options available in the loan market to replace US dollar LIBOR and the characteristics of each of these options.

The Hong Kong Monetary Authority has reviewed the information note and supports its publication. Authorized institutions are expected to make effective use of this note and proactively engage their customers to help them transition to alternative reference rates as soon as possible.

Should you have any questions about this letter, please contact Mr Gordon Wong on 2878-1272 or Mr Anthony Choy on 2878-1547.

Yours faithfully,

Raymond Chan  
Executive Director (Banking Supervision)